



PRESS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

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TREASURER ANGELIDES PROPOSES \$15 BILLION “CAL-BUILD” PENSION FUND INFRASTRUCTURE INVESTMENT INITIATIVE

Pension Fund Investment Plan Would Provide a New Source of Capital For Urban, Smart Growth Infrastructure Projects to Build the Economy, Create Jobs and Earn Solid Returns for Pensioners and Taxpayers.

Sacramento, CA – California State Treasurer Phil Angelides today unveiled *Cal-Build: Smart Pension Investments for California's Infrastructure*, a proposal for California's public pension funds to invest up to \$15 billion to help meet the state's substantial need for urban, smart growth infrastructure projects. The Cal-Build initiative would supplement – not replace – any infrastructure bond package enacted and placed before the voters.

With *Cal-Build*, Angelides is calling on the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) to invest up to 5 percent of their assets to finance the infrastructure projects that California needs.

“*Cal-Build* is a win-win for California,” said Treasurer Angelides, a member of the governing boards of CalPERS and CalSTRS. “It will meet the double bottom line goals of achieving solid long-term returns for pensioners and taxpayers and building the infrastructure California needs to prosper in the 21st century.”

He noted that the *Cal-Build* initiative would provide a new source of capital for state and local infrastructure projects, supplementing the financing available from tax-exempt bonds and other traditional government financing mechanisms. At the same time, it will provide new investment opportunities for the pension funds and help them meet their need for solid, long-term financial returns.

Potential *Cal-Build* investments would include smart, environmentally sound water-supply and conservation projects, toll bridges and tunnels, energy transmission projects, energy conservation efforts in public buildings, and dedicated transportation facilities to move cargo from ports – all projects that would generate income from sources such as user fees. *Cal-Build* would benefit pension fund members and taxpayers while keeping the profits from California infrastructure projects in California for the benefit of Californians.

“Around the country and the world, private investors are looking to build or invest in infrastructure projects. These infrastructure investment opportunities should not belong to private companies alone,” Treasurer Angelides stated. “This *Cal-Build* proposal – the first of its kind in the nation – would give California's pension systems the opportunity to invest in needed projects that have the potential to yield positive financial returns.”

Cal-Build is an extension of Treasurer Angelides' groundbreaking *Double Bottom Line: Investing in California's Emerging Markets* initiative. Launched in 2000, the *Double Bottom Line* has directed more than \$14 billion in investment capital from the state's pension and investment funds to spur economic progress in California's inner cities and underserved communities. Under his initiative, the Treasurer's Office and the state's pension funds have made new capital available for home mortgages, urban housing and mixed-use development, and business expansion – meeting the “double bottom line” goals of solid returns for the State's pension and investment funds *and* broadened opportunity in California communities. Just one example of the success of the *Double Bottom Line* strategy is CalPERS' California Urban Real Estate investment initiative. Under that initiative, CalPERS has committed \$3.4 billion, earning annual returns of 22 percent since the program's inception in 2001.

CalPERS and CalSTRS are already widely invested in stocks, bonds, real estate, and private equity. Infrastructure investments would provide the funds with another investment option to diversify their portfolios, offering a steady projected return of 6-8 percent. With their track records of successfully managing already extensive and complex portfolios, CalPERS and CalSTRS have the investment expertise and resources to effectively implement the *Cal-Build* initiative.

A complete version of the initiative, *Cal-Build: Smart Pension Investments for California's Infrastructure* can be found at: <http://www.treasurer.ca.gov/calbuild>.

What others are saying about *Cal-Build*:

The Honorable Fabian Núñez, Speaker, California State Assembly – “*Cal-Build* is an innovative approach that would complement the legislature's efforts to address California's infrastructure needs. Its focus on smart growth and environmentally-sound policy should be the cornerstone of any investment plan being considered.”

The Honorable Don Perata, President pro Tempore, California State Senate – “This is a creative approach that could help address, along with the bond funding we are working on, California's massive infrastructure need. I hope the pension funds will take a close look at the steps Treasurer Angelides is proposing.”

Economist James K. Galbraith, professor at the Lyndon B. Johnson School of Public Affairs, The University of Texas at Austin – “With *Cal-Build*, Treasurer Angelides proposes a bold yet responsible financial plan for the future prosperity of California's economy and the health of her environment. Phil Angelides' *Cal-Build* proposal reaches back to the political wisdom of Governor Earl Warren, a Republican who realized that California's economic strength had to be built on a physical and intellectual foundation that included the best universities, finest cities, and the most modern transportation system in the world. Since the 1950s our understanding of what it takes has evolved, but the need to rediscover Warren's wisdom and overcome the infrastructure deficit is greater now than even 50 years ago.”

Bob Balgenorth, President of the State Building & Construction Trades Council of California – “State Treasurer Phil Angelides' innovative plan for the state's two huge pension funds, CalPERS and CalSTRS, to invest \$15 billion in California infrastructure projects is the kind of out-of-the-box thinking that is typical of a strong leader. Angelides' *Cal-Build* plan creates a win-win-win situation. It immediately stimulates the economy by creating jobs, it builds a variety of critically-needed infrastructure necessary for long-term economic growth, and the revenues it generates guarantee that it would be a sound investment for the state's pensioners and taxpayers.”

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